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Arizona Corporation Commission

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March 11, 2022

 Arizona Corporation Commission
 1200 W. Washington Street
 Phoenix, AZ 85007

Re: Salt River Project (SRP) Certificate of Environmental Compatibility (CEC), Docket No. L-00000B-21-0393-00197

Madam Chair and Commissioners,

Our organizations submit these joint comments to urge you to vote no on SRP's CEC application. Not only did SRP not engage in a competitive bidding process and not comply with its own 2018 Integrated Resource Plan (IRP), but it did not adequately consider alternatives to the Coolidge Expansion Project (CEP). This leaves serious concerns about the estimated cost of the facilities and the potential increase in the cost of electric energy to customers.

SRP's 2017-2018 IRP Report states that, "Prior to making any financial commitments to major equipment or construction contracts for new-build generation, [SRP will] issue all-source RFPs [Request for Proposal] for the planned capacity. That capacity will explicitly include the opportunity for cost competitive and viable energy storage and demand response options."¹ **No all-source RFP was issued prior to the decision to expand Coolidge Generating Station by 820 MW.**

Shortly after the SRP Board voted to narrowly approve this project, SRP issued an all-source RFP for an additional 1000 MW to come online between 2024 and 2026.² It is unclear why SRP can issue an all-source RFP for these megawatts, but not the Coolidge megawatts given that both projects were announced within months of each other and are intended to come online within the same time frame.

There was considerable testimony at the hearing that SRP did not adequately consider alternatives to this 820 MW expansion of Coolidge. Witness Mr. Robert Gramlich testified that not only did SRP not adequately consider alternatives, but that solar and storage would have been more economical.³ Specifically, he testified that "SRP's economic analysis overstated the need for clean resources by a factor of 3 or 4."⁴ "So the economic analysis was distorted by overstating the capacity needed for the renewables and storage."⁵ "A battery would have been more economic than CEP."⁶ Mr. Gramlich went on to testify that SRP did not adequately consider the analysis of its own consultant, E3, in assessing the alternatives to the Coolidge expansion. "E3 found that adding only 731 MW of battery capacity in 2026 provides the same capacity value as the 820 MW CEP."⁷

Arizona Revised Statute (ARS) 40-360.06(A)(8) states that the Committee *shall* consider “The estimated cost of the facilities and site as proposed by the applicant and the estimated cost of the facilities and site as recommended by the committee, recognizing that any significant increase in costs represents a potential increase in the cost of electric energy to the customers or the applicant.”⁸ Further, ARS 30-360.07(B) states that the Commission *shall* “comply with the provisions of section 40-360.06 and *shall* balance, in the broad public interest, the need for an adequate, economical and reliable supply of electric power with the desire to minimize the effect thereof on the environment and ecology of this state.”⁹

Therefore, the Commission must consider the cost of the project and the economics of supplying that electric power. Because SRP did not conduct an all-source RFP, the Commission does not have adequate information about the alternatives to this project and the potential for a less costly option, such as solar and storage, that would save customers money and better protect the environment and ecology of the state. Approval of the CEC application risks locking customers into significant new costs without evidence that the CEP is the right choice to meet the identified capacity need.

We ask the Commission to vote no on this CEC application and direct SRP to proceed with an all-source RFP to consider the best available option for adding 820 MW between now and 2025.

Respectfully,

Autumn T. Johnson
Executive Director
Arizona Solar Energy
Industries Association
(AriSEIA)
autumn@ariseia.org
520-240-4757

Bret Fanshaw
Western Region Director
Solar United Neighbors
(SUN)
bfanshaw@solarunitedneighb
ors.org
602-962-0240

Yaraneth Marin
*Interior West Regional
Director*
Vote Solar
yaraneth@votesolar.org
602-492-6077

¹ Salt River Project, Integrated Resource Plan Report, P.49, *available here* <https://srpnet.com/about/stations/pdfx/2018irp.pdf>.

² Salt River Project, 2021 All-Source Request for Proposals, *available here* <https://srpnet.com/energy/secure/all-resource-rfp.aspx>.

³ February 15, 2022 Hearing Transcript, starting at P.1116, *available here* https://srpnet.com/electric/transmission/projects/Coolidge/pdfx/cec/07_02-15-2022_SRP_Coolidge_Expansion_Evidentiary_Hearing.pdf.

⁴ *Id.* at 1118, L.3-4.

⁵ *Id.* L. 6-8.

⁶ *Id.* L.9-10.

⁷ *Id.* at 1121, L.1-3.

⁸ ARS 40-360.06(A)(8) *available here* <https://www.azleg.gov/ars/40/00360-06.htm>.

⁹ ARS 40-360.07(B) *available here* <https://www.azleg.gov/ars/40/00360-07.htm>.